

## Budgeting Exercise

Case Study # 2 p 479-480

- Clearly Identify all Categories in Budget Sheet
  - Budget must outline a positive balance
  - Outline all 3 situations and defend your decisions
- reference p. 473 for categories you can't estimate

May 25-8:20 AM

## Credit Card Key Terms

Accrued Interest *interest calculated from day of purchase - must pay full*

Grace Free Period *interest free day balance*

Annual Interest Rate *11.99 - 19.99 - 28.99 %*

Minimum Payment  
*% of balance (3)*

## Features of Credit Card

*Dividends/Points/Air Miles*  
*Warranty*  
*Purchase Insurance*  
*One Bill*

May 25-7:46 AM

## Farooq

- Farooq is 28 years old. He works in a call centre at a major bank and his net earnings are approximately \$1800 per month. He also works as a bartender at a restaurant Friday evenings and earns approximately \$100 per night.
- He rents a one-bedroom apartment for \$734 per month.
- He takes public transit to work and his transit pass costs approximately \$120 per month. He does not own a car.
- Farooq is also paying off a personal loan. The monthly payment is \$288.

Dec 7-12:42 PM

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220 ✓ Savings

No Savings

## Income

*1800 per month*  
*400*  
*\$ 2200*

## Expenses

*\$ 734*  
*\$ 120*  
*288 loan*  
*1142*  
*320 food*  
*600 rent*  
*60 cell*  
*70 int*  
*2192*

Dec 7-12:42 PM

Budgeting: **Manage your money**

Expenses      Income  
 + savings 

-balancing household debt and personal expenses against your net income

Dec 7-8:03 AM

## Test Review

q. 1-11 p 482 &amp; 483

q. 2, 4-8 p 486 &amp; 487

**Test Tuesday**

May 25-8:22 AM

1091.33

Food  
 Entertainment  
 Cable  
 Telephone  
 Personal Items  
 Savings

Jun 1-9:05 AM

## 8.1 Saving Plans, pages 448-453

1. Tyler saves \$55 from his pay every week.

Determine the total amount saved in

- a) a month with four weeks  $55 \times 4 = 220$   
 b) a month with five weeks  $55 \times 5 = 275$   
 c) one year  $55 \times 52 = 2860$

Dec 7-12:16 PM

2. Aya wants to save \$3500 in one year.
- 
- Calculate the amount she needs to save from each paycheck if she is paid

- a) weekly  $3500 / 52$   
 b) bi-weekly  $126$   
 c) monthly  $12$

planned purchases

May 26-8:01 AM

3. Use a TVM Solver or an on-line calculator to determine the future value of weekly deposits of \$25 for one year into an account that pays 2.75% per year, compounded daily.

N 52  
 I 2.75% 0.005  
 PV 0  
 PMT -25.00  
 FV 1377.69  
 P/Y 52  
 C/Y 365  
 END

May 26-8:02 AM

## 8.2 The Cost of Renting a Home, pages 454-461

4. A two-bedroom bungalow rents for \$915 per month plus utilities. The estimated utility expenses are \$170 every two months for electricity, \$115 every month for natural gas, and \$160 every four months for water.

- a) Calculate the average monthly expenses for renting this house.
- $240$

- b) Estimate the total expenses for one year.

$$240 \times 12 = 2880$$

$170 / 2$   
 $115 / 1$   
 $160 / 4$   
 $85$   
 $115$   
 $40$

May 26-8:02 AM

6. Jonas is moving into a basement apartment that costs \$630 per month plus electricity. The local electricity provider requires a \$200 deposit for new customers. The cable television provider requires a \$65 connection fee. Jonas's landlord has requested that he pay first and last months' rent prior to moving in. Calculate the total amount that Jonas must pay prior to moving in.

$$630 \times 2 = 1260$$

$$\begin{array}{r} 1260 \\ 200 \\ 65 \\ \hline 1525 \end{array}$$

May 26-8:02 AM

9. A three-bedroom bungalow is for sale for \$227 900. The annual property taxes for this home are approximately \$3200.  
a) As first-time homebuyers, Mike and Erin would need a 5% down payment. Calculate this amount.  
b) How much would they need to save each month to have the down payment in two years?  
c) Use a TVM Solver to determine the monthly payment for a \$210 000 mortgage for this house given an interest rate of 6.2% per year, amortized over 25 years.  
d) Calculate the monthly payment to the bank for the mortgage plus the monthly portion of the property taxes.

11 395

May 26-8:03 AM

8.4 Living Expenses pages 468–477

10. Anita is a third-year college student. She has listed her income and expenses.  
income: \$635 bi-weekly  
rent: \$260/month  
gasoline: \$50/week  
car insurance: \$94/month  
car maintenance: \$25/month  
groceries: \$65/week  
laundry: \$10/week

May 26-8:03 AM

school supplies: \$30/month  
clothes: \$100/month  
entertainment: \$50/week  
gifts: \$30/month  
savings: 15% of income

a) Use a spreadsheet to design a two-paycheque monthly budget for her.  
b) Open a second spreadsheet and use the same information to design a budget for a three-paycheque month.  
c) Suggest two things Anita can do with the extra money she has in a three-paycheque month.

May 26-8:03 AM

11. Stephanie works part time after school and some weekends. Her monthly budget for February is shown.

Income (\$)		Expenses (\$)	
February 5–19	312.61	College Fund	200
February 20–March 6	290.09	Room and Board	160
		Cellular Telephone	20
		Clothes	135
		Entertainment	100
Total		Total	
Balance (Income – Expenses) =			

a) What is Stephanie's total monthly income?  
b) What are her total monthly expenses?  
c) Determine whether Stephanie's balance is positive or negative.

May 26-8:04 AM

May 26-10:37 AM